

**STATEMENT OF REPRESENTATIVE GARY L. ACKERMAN
HOUSE FINANCIAL SERVICES COMMITTEE**

**HEARING ENTITLED
"PROTECTING AMERICANS FROM
CATASTROPHIC TERRORISM RISK"**

WEDNESDAY, SEPTEMBER 27, 2006

Chairman Baker, Chairwoman Kelly, Ranking Member Kanjorski, and Ranking Member Gutierrez, thank you for arranging this joint hearing to discuss the very important issue of terrorism insurance.

In light of the Government Accountability Office's (GAO) recent conclusion that a market-driven expansion of Nuclear, Biological, Chemical, and Radiological (NBCR) insurance coverage is highly unlikely, it is clear that Congress must act before the Terrorism Risk Insurance Extension Act (TRIEA) expires in December 2007.

Congress first enacted the Terrorism Risk Insurance Act (TRIA) on November 26, 2002 to help secure our economy against the devastation that might come from another terrorist attack. TRIA and TRIEA were intended to be temporary. Our expectation was that the private market would develop its own terrorism insurance capacity; however, such a market has not yet emerged. As a result, there is still an overwhelming reliance on the federal backstop provided by TRIEA. Without this backstop, it is likely that we will return to the same highly uncertain business environment that we saw in the months after 9/11, and before the enactment of TRIA, where companies either went out of business or struggled to find coverage and then paid a hefty premium for the insurance coverage they needed.

Unless we want to return to these conditions, we need to turn our attention to the development of a long-term solution. I look forward to hearing from our witnesses and I am hopeful that today's discussion will be the first step towards the creation of legislation what will meet the insurance needs of our economy while placing the minimum burden necessary to provide market security on the government.